

AMENDED IN SENATE AUGUST 30, 2002

AMENDED IN SENATE AUGUST 29, 2002

AMENDED IN SENATE JUNE 25, 2002

AMENDED IN ASSEMBLY MAY 13, 2002

AMENDED IN ASSEMBLY APRIL 25, 2002

AMENDED IN ASSEMBLY APRIL 9, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 2078

Introduced by Assembly Members Kelley, Salinas, and Briggs

February 19, 2002

An act to amend Section 6527 of the Government Code, relating to joint powers authorities, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2078, as amended, Kelley. Joint powers authorities: self-insurance.

Existing law authorizes a private nonprofit health care services corporation to participate, under specified conditions, when 2 or more health care districts have joined together to pool their self-insurance claims.

This bill would define “self-insurance claims or losses” for that purpose to include claims or losses incurred pursuant to specified provisions of law that require every employer except the state to secure the payment of compensation in a prescribed manner. *The bill would*

also provide that the Self-Insurers' Security Fund established under the law governing workers' compensation owe no duties or obligations to any entity that participates pursuant to the above-described authorization.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6527 of the Government Code is
2 amended to read:

3 6527. (a) Notwithstanding any other provision of law, where
4 two or more health care districts have joined together to pool their
5 self-insurance claims or losses, a nonprofit corporation that
6 provides health care services that may be carried out by a health
7 care district may participate in the pool, provided that its
8 participation in an existing joint powers agreement, as authorized
9 by this section, shall be permitted only after the public agency
10 members, or public agency representatives on the governing body
11 of the joint powers entity make a finding, at a public meeting, that
12 the agreement provides both of the following:

13 (1) The primary activities conducted under the joint powers
14 agreement will be substantially related to and in furtherance of the
15 governmental purposes of the public agency.

16 (2) The public agency participants will maintain control over
17 the activities conducted under the joint powers agreement through
18 public agency control over governance, management, or
19 ownership of the joint powers authority.

20 (b) Any public agency or private entity entering into a joint
21 powers agreement under this section shall establish or maintain a
22 reserve fund to be used to pay losses incurred under the agreement.
23 The reserve fund shall contain sufficient moneys to maintain the
24 fund on an actuarially sound basis.

25 (c) In any risk pooling arrangement created under this section,
26 the aggregate payments made under each program shall not exceed
27 the amount available in the pool established for that program.

28 (d) A public meeting shall be held prior to the dissolution or
29 termination of any enterprise operating under this section to



1 consider the disposition, division, or distribution of any property
2 acquired as a result of exercise of the joint exercise of powers.

3 (e) Nothing in this section shall be construed to do any of the
4 following:

5 (1) Relieve a public benefit corporation that is a health facility
6 from charitable trust obligations.

7 (2) Exempt such a public benefit corporation from existing law
8 governing joint ventures, or the sale, transfer, lease, exchange,
9 option, conveyance, or other disposition of assets.

10 (3) Grant any power to any private, nonprofit hospital that
11 participates in an agreement authorized under this section to levy
12 any tax or assessment.

13 (4) Permit any entity, other than a private, nonprofit hospital
14 corporation or a public agency, to participate as a party to an
15 agreement authorized under this section.

16 (5) Permit an agency or entity created pursuant to a joint
17 powers agreement entered into pursuant to this section to act in a
18 manner inconsistent with the laws that apply to public agencies,
19 including, but not limited to, the California Public Records Act
20 (Chapter 3.5 (commencing with Section 6250)), the Ralph M.
21 Brown Act (Chapter 9 (commencing with Section 54950) of Part
22 1 of Division 2 of Title 5), and the Political Reform Act of 1974
23 (Title 9 (commencing with Section 81000)).

24 (f) *Notwithstanding any other provision of law, the*
25 *Self-Insurers' Security Fund established pursuant to Article 2.5*
26 *(commencing with Section 3740) of Chapter 4 of Part 1 of Division*
27 *4 of the Labor Code shall owe no duties or obligations to any entity*
28 *that participates as a party to an agreement authorized pursuant*
29 *to this section, or to its employees, and shall not be required, under*
30 *any circumstances, to assume the worker's compensation*
31 *liabilities of this entity if it becomes insolvent or otherwise unable*
32 *to pay those liabilities.*

33 (g) For purposes of this section, "self-insurance claims or
34 losses" includes, but is not limited to, claims or losses incurred
35 pursuant to Chapter 4 (commencing with Section 3700) of
36 Division 4 of the Labor Code.

37 SEC. 2. This act is an urgency statute necessary for the
38 immediate preservation of the public peace, health, or safety
39 within the meaning of Article IV of the Constitution and shall go
40 into immediate effect. The facts constituting the necessity are:

1 In order to prevent the imminent closure of emergency
2 departments and the elimination of other critical patient services
3 at two key rural hospitals and the imminent reduction in health
4 services at several rural clinics serving migrant populations, it is
5 necessary that this act take effect immediately.

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